

December 20, 2005

Mr. Frank Ryan
Director of Purchasing
240 Old Country Road, Suite 307
Mineola, NY 11501

Re: Best and Final Offer
Redevelopment of the Nassau Veterans Memorial Coliseum Site
RFP No. CE0812-0557

Dear Mr. Ryan:

In accordance with the Invitation to Submit Best and Final Offers with regard to the above referenced Request for Proposals, enclosed herewith are one original and ten (10) copies of said offer submitted by Polimeni International, LLC and The Cordish Company.

As your request for the BAFO implies, the redevelopment of the Coliseum is a work in progress. At this early stage it is not possible to say with any certainty what the exact finished project would look like. All projects of this size and magnitude require adjustment as they begin the long road to development.

My proposal allows for the input from the County to adjust the county building in a way to meet their requirements. This would apply also to the Police Headquarters and the Social Services buildings. Just these three buildings make it necessary to keep an open mind to the final configuration of the project.

The residential components are, frankly, much more cut and dried and do not require as much creativity. Having met with Dr. Stuart Rabinowitz, the President of Hofstra University, I am informed that available housing is critical to the university's ability to attract and keep good professors. It would be our intent to accommodate Hofstra's housing needs as best we can.

The retail component does not require much consideration in that it would be scaled to the community being built on the site. It is not our intent to build anything that would attract outside visitors other than those visiting the Coliseum and those living and working there.

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The Coliseum will require the greatest creativity because there are so many moving parts. Obviously we cannot guaranty the presence of the Islanders nor can we guaranty any major or minor league team to utilize the facility. We can, however, with the expertise that The Cordish Company brings to the table, renovate the arena to a "state of the art" facility and provide the best venues of entertainment such as ESPN Zone, Hard Rock Café, Dave & Buster's, etc. The Coliseum would be renovated to provide as many sky boxes as possible since that is where the money is. The Cordish Company's expertise in picking exciting venues would guaranty almost nightly use of the facility. However, as you know, our bid does allow the County to exclude the Coliseum from our proposed offer. Should the County choose to do so, we would be willing to work with whomever the County chooses to make sure the Coliseum is integrated with our project.

I think we have put together an extremely competent development team and we have the expertise in all the various specialties that would be required to construct this extremely large project and will do so in such a way that the end result would be compatible to the surrounding area, acceptable to the residents and maximize the acreage now fallow. We look forward to working with you to complete the project.

Sincerely,

Vincent Polimeni

VP:jg
Enclosures

ATTACHMENT “A”

BEST AND FINAL OFFER TERM SHEET

Directions: This is a two-part Best and Final Offer Term Sheet. You must complete **Sections I** and **II**, signing each section where indicated. Section II must be submitted together with the relevant financial information in a sealed envelope. The sealed envelope and the materials in the envelope should be marked ***CONFIDENTIAL – FINANCIAL TERMS***.

SECTION I DEVELOPMENT PLAN		
TERM	COUNTY VISION	PROPOSER’S RESPONSE
I-1 Development Concept:	<p>The vision for the redevelopment of the Coliseum Site is for a transformation of the site into an attractive multiple-use destination center consistent with the County’s vision for New Suburbia and with the following principal goals:</p> <ul style="list-style-type: none"> (i) the renovation or replacement of the Coliseum building into a state-of-the-art, world-class sports and entertainment facility at no cost to the County; (ii) the extension of the Islanders’ agreement or an agreement with a comparable professional sports franchise; (iii) the use of structured parking adjacent to the Coliseum building to free up land for other development; (iv) the creation of a mixed-use, commercial/residential development; (v) the construction of Next Generation Housing; (vi) the expansion of the tax base for Nassau County, 	<ul style="list-style-type: none"> (i). There will be no cost to the County. (ii). Subject to negotiations with the Islanders. (iii). Structured parking to be provided. (iv). Mixed use, commercial/residential development will be provided. (v). We will commit to 15% of housing to be Next Generation Housing.

	<p>the Town of Hempstead and applicable school district(s); and</p> <p>(vii) the enhancement of the Coliseum site with a viable public transportation system connecting the site with the greater area known as the Nassau County Hub; concurrent with positive impacts and relationships on surrounding development and parcels.</p>	<p>(vi). Yes.</p> <p>(vii). An easement will be provided to facilitate same.</p>
I-2 The Coliseum Site:	<p>Section 44, Block F, Lots 403 and 351 aggregating approximately 77 acres (the “Coliseum Site”). The Coliseum Site is currently comprised of a Coliseum building which hosts the New York Islanders, a National Hockey League team, and is a site for concerts and other entertainment events. The Coliseum is surrounded by surface parking. The County’s concept includes the use of structured parking adjacent to the Coliseum building to free up land for mixed-use, residential/commercial development. Developer should indicate how adjacent sites may relate, complement and enhance redevelopment of the Coliseum Site.</p>	<p>The site plan addresses these issues.</p>
I-3 Disposition Structure	<p>The County will consider a sale or a lease for a term not exceeding 99 years.</p>	<p>Our proposal anticipates a sale.</p>
I-4 Coliseum Site Development and County Review and Approval	<p>The vision for the redevelopment of the Coliseum Site is for a transformation of the site into an attractive multiple-use destination center consistent with the County’s vision for New Suburbia. The County will reserve the right to review and approve developer’s site plan attached to the Best and Final Offer and any and all changes to the developer’s site plan(s), including those that result from the Town of Hempstead’s review and approval process,</p>	<p>We anticipate working with the County and the Town of Hempstead to that end.</p>

	<p>in each case, essentially to ensure that the plan is consistent with the County’s vision for New Suburbia. With respect to the Coliseum building renovation, the County will retain approval rights over the building plans and designs. These County approvals will be in addition to all other requisite approvals, such as those required from the Town of Hempstead.</p>	
<p>I-5 Option Period</p>	<p>Developer will be given a 2 year option period, subject to a potential 2 year extension upon County approval, to obtain the required zoning changes, site plan approvals and all other requisite governmental approvals necessary to commence construction, including the requisite environmental review under the State Environmental Quality Review Act (“SEQRA”), as well as to complete its own environmental reviews, apply for state and federal incentives, conduct other due diligence and effectuate the SMG lease termination, amendment, or condemnation to obtain site control. (The original 2 year period, together with any extension, is referred to herein as the “Option Period”).</p> <p>If the purchase does not close, or lease commence, prior to the expiration of the Option Period, the County may terminate the agreement.</p>	<p>If the approval process has begun and we are held up because of delays that are outside of our control, we would expect the County to provide an extension to cover that contingency.</p>
<p>I-6 Coliseum Renovation</p>	<p>The County recognizes that the level of renovation will be, in part, a function of the commitment of the professional sports franchise to play at the Coliseum building and that the amount and type of Coliseum renovation required will be based on the underlying sports agreement. Based on a minimum extension of the Islanders’ agreement to 2025, or an agreement with a comparable professional sports franchise for a similar</p>	<p>(i). Our proposal includes the cost of structured parking in accordance with the RFP to which we responded.</p> <p>(ii). See the attached yield sheet.</p> <p>(iii). This is acceptable.</p> <p>(iv). It is our intention to construct the County Seat</p>

	<p>term, developer will be required to:</p> <ul style="list-style-type: none"> (i) renovate or replace the Coliseum offering a state-of-the art, modern facility in accordance with building plans and specifications approved by and in all respects acceptable to the County, including a financial investment of at least \$150 million (not including parking); (ii) construct adequate on-site, structured parking dedicated to the Coliseum. Developer must indicate the number of on-site, structured parking spaces it proposes; (iii) complete the Coliseum renovations within 3 years after closing or the lease commencement date; (iv) complete the construction of the Coliseum renovation and ancillary parking prior to commencing construction on any non-Coliseum improvements; and (v) provide adequate parking for the Coliseum at all times. <p>Developer must set forth its offer to renovate the Coliseum building, including specific details such as a description of the proposed renovation work and the timeline for construction.</p>	<p>buildings, underground parking, structured parking and residential condominiums and rental apartments at the same time that we renovate the Coliseum.</p> <p>(v). We will devise and implement a plan to provide parking during construction.</p> <p>In that we have offered the County the option not to include the Coliseum in our proposal, before we spend the time and effort to redesign it we need to know the County's position.</p>
I-7 Sports Franchise	<p>Developer will be required to demonstrate to the County that it has obtained an extension of the New York Islanders' agreement to play professional hockey at the Coliseum for a term acceptable to the County, or, in lieu thereof, for an agreement with a comparable professional sports franchise(s) acceptable to the County. It is the County's objective to obtain a long-term (<i>e.g.</i>, greater than 10 years) commitment from the Islanders or a comparable professional sports franchise.</p>	<p>The same answer as above. However, if the County decides to include the Coliseum in our proposal, all efforts will be made to accomplish this requirement.</p>

I-8 Reverter/Lease Termination	In the event that the Islanders or another comparable professional sports franchise acceptable to the County ceases to play sporting events at the Coliseum, title to the Coliseum building and land necessary to support the Coliseum building shall, at the option of the County, revert back to the County or the lease of such land shall terminate, as applicable.	Our proposal does not involve a lease, it involves a purchase. There will be no reverter clause.
I-9 Coliseum Operations	Developer will be required to maintain and operate the Coliseum in a first-class manner, maximizing opportunities to host events and generate economic impact for the County. A first class operation requires meeting industry standards for a similarly situated state-of-the-art, multipurpose, professional sports and entertainment arena. The Coliseum building must be used for sporting and entertainment events consistent with those events held at other state-of-the-art arenas.	See enclosed article concerning our partner, The Cordish Company.
I-10 Next Generation Housing	Developer shall be required to commit to build a minimum of 20% for-sale/rental residential units within the Coliseum Site, which units must be for “Next Generation Housing,” defined as housing that is affordable for a family or individual having an annual income up to 120% of the Area Median Income as defined by the United States Census.	The RFP clearly called for 15% for Next Generation Housing. We do not intend to change that.
I-11 Public Transportation	Developer shall be required to provide for public transit access and use at the Site in connection with a future transportation system. Developer must provide for rights-of-way, public access easements and financial investment dedicated to the effective and efficient use of a new transportation system. Please show preliminary	We will work with the County to provide an acceptable transportation system and will provide all necessary easements as needed to accomplish same.

	<p>transportation features in the conceptual site plan (Attachment “C”). To make this vision a reality, the County wishes to secure a partner committed to development at the Coliseum Site which is supported by a public transportation system servicing both the Coliseum and the greater area known as the Nassau County Hub.</p>	
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I-12 Insurance:	Developer, under a lease scenario, will be required to provide property and casualty insurance on the Coliseum and improvements necessary for the operation of the Coliseum and liability insurance on the entire Coliseum Site, all in such amounts, with such companies and pursuant to policies which, in each case, must be acceptable in form and substance to the County.	Not applicable.
I-13 Repairs:	Developer shall be responsible, at developer's sole cost and expense, for making all repairs to the Coliseum building and improvements necessary for the operation of the Coliseum building, including repairs resulting from a casualty.	Not applicable.
I-14 Assignment:	The contract of sale or lease may not be assigned without the County's consent.	This is acceptable.
I-15 U.S. Green Building Certification	Developer will be required to obtain a "Certified" ranking under the LEED rating system. The entire 77 acre Coliseum site shall be planned, designed and constructed to achieve certification under the Leadership in Energy and Environmental Design for Neighborhood Developments (LEED-ND) Rating System. The development team shall apply for certification under the LEED-ND pilot program.	The Long Island Power Authority has agreed to work with us to make these structures "state-of-the-art" and energy efficient buildings. We will apply for certification under the LEED-ND pilot program.
I-16 Public and Green Space	Developer shall clearly identify all proposed public spaces, including green spaces. Public and green spaces shall be designed to provide first class amenities to the public, with sensitivity to both the adjacent structures and the surrounding community needs.	As shown on the site plan.

I-17 Antenna Rights:	County reserves right to use portions of the Coliseum Site or the improvements thereon for operation of telecommunications equipment.	This is acceptable.
I-18 County Use of Coliseum:	County reserves the right to use Coliseum for County events up to 10 days per year, at no cost to the County other than payment by County of actual expenses, subject to availability.	This is acceptable.

All principals of the development team must respond to each point above and sign below. These signatures authenticate the response submitted herein and constitute acceptance of the County's process, requests and submission requirements to date regarding proposals for the redevelopment of the Coliseum Site.

BY: _____

NAME: Vincent Polimeni

TITLE: Chairman, Polimeni International

DATE: December 9, 2005

BY: _____

NAME: David Cordish

TITLE: Chairman, The Cordish Company

DATE: December 9, 2005

BY: _____

NAME: _____

TITLE: _____

BY: _____

NAME: _____

TITLE: _____

DATE: _____

DATE: _____